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10 OCT -5 PM 2:27

CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

BY:

DEPUTY

9 **UNITED STATES DISTRICT COURT**  
 10 **FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

11 **GUENEVERE THOMAS, an**  
 12 **individual,**

13 **Plaintiff,**

14 **vs.**

15 **CHRIS SNOOK, an individual;**  
 16 **JASON HIGHFILL, an individual;**  
 17 **MARK WILSON, an individual;**  
 18 **PERSONAL WEALTH SYSTEM**  
 19 **LLC. A.K.A. PWS LLC., a**  
 20 **California limited liability company,**  
 21 **Mortgage Secret, LLC, a California**  
 22 **limited liability company,**

23 **Defendants.**

Case No.: **'10 CV 2069 H** **RBB**  
 Judge:  
 Dept.:

**COMPLAINT FOR:**

1. **VIOLATIONS OF THE  
FEDERAL SECURITIES  
ACT § 5**
2. **VIOLATION OF THE  
FEDERAL SECURITIES  
ACT § 12**
3. **VIOLATION OF THE  
FEDERAL SECURITIES  
ACT § 15**
4. **VIOLATION OF THE  
FEDERAL SECURITIES  
ACT § 17**
5. **VIOLATION OF THE  
FEDERAL SECURITIES  
EXCHANGE ACT § 10(b)**
6. **VIOLATION OF  
CALIFORNIA CORPORATE  
CODE § 25501**
7. **VIOLATION OF  
CALIFORNIA CORPORATE  
CODE § 25403**
8. **VIOLATION OF  
CALIFORNIA CORPORATE  
CODE § 25503**
9. **VIOLATION OF  
CALIFORNIA CORPORATE  
CODE 25504**

10. VIOLATION OF  
CALIFORNIA CORPORATE  
CODE 25504.1  
11. FRAUD (AFFIRMATIVE  
MISREPRESENTATION)  
12. FRAUD (BY  
CONCEALMENT)  
13. NEGLIGENCE  
14. UNFAIR COMPETITION  
UNDER BUSINESS &  
PROFESSIONS CODE §  
17200  
15. VIOLATION OF THE  
CALIFORNIA SELLERS  
ASSISTED MARKETING  
ACT

JURY TRIAL DEMANDED

Plaintiff GUENEVERE THOMAS (hereinafter referred to as "PLAINTIFF" or "THOMAS") hereby alleges as follows:

### SUMMARY

1. PLAINTIFF brings this action against PERSONAL WEALTH SYSTEMS LLC. (hereafter "PWS") and its top officers and control persons, JASON HIGHFILL, MARK WILSON, and CHRIS SNOOK (hereafter "DEFENDANTS") for violation of the federal and state securities anti-fraud laws and registration provisions as well as for various pendent state claims arising out of DEFENDANTS' fraudulent offer and sale of a membership interest in PWS.

2. PWS is a multi-level marketing company that offers mortgage accelerator software to the public. In theory, the mortgage accelerator software teaches the user how to eliminate debt. The enrollment fee for the software is 500 dollars. The enrollment fee is a disguised recruitment fee as the value of the software is virtually nil.

3. In a multi-level marketing company, such as PWS, distributors or members are arrayed in descending levels in the form of a pyramid. Any particular distributor receives commissions from his or her direct sales of the company's products as well as from the sales of the distributors that are aligned under him or her (called the

1 distributor's "downline").<sup>1</sup> It is unlawful to pay a distributor compensation or  
 2 commissions for simply recruiting another distributor. Such schemes (when  
 3 distributors are paid recruiting fees) are commonly known as "pyramid schemes" or  
 4 "endless chain schemes." However, as explained below, such a pyramid scheme is  
 5 exactly what PWS does.

6 4. PWS offers an investment program whereby any individual who agrees to  
 7 invest \$100,000 in PWS is promised to receive a high return on their investment. The  
 8 payments that the investor is to receive comes from the enrollments or recruitment of  
 9 other members, regardless of who actually makes the sale of the enrollment. That is, the  
 10 overwhelming amount of return is to come from the efforts of third parties who enroll  
 11 members in PWS.

12 5. The PWS investment program constitutes a security within the meaning of  
 13 the 1933 Securities Act, the 1934 Securities Exchange Act and the California  
 14 Corporations Code.

15 6. PLAINTIFF was approached by DEFENDANTS regarding the investment  
 16 program. By investing \$100,000 into the investment program, PLAINTIFF would  
 17 become a "super affiliate" allowing her to receive a part of every distributor who signed  
 18 up with PWS. While discussing the terms of the investment, DEFENDANTS  
 19 guaranteed that if PLAINTIFF decided to proceed, she would receive a return no less  
 20 than \$166,700 within the first year.

21 7. Because the investment return was to be generated from the recruitment  
 22 (i.e. enrollment) of other distributors, DEFENDANTS promised to enact certain  
 23 initiatives in order to secure PLAINTIFF'S return. Such initiatives were for the purpose  
 24 of marketing PWS to obtain the promised amount of enrollments. These promised  
 25 initiatives included: 1) the launch of infomercials; 2) setting up seminars that were  
 26 headed by successfully known individuals; and 3) establishing relationships with well-  
 27 known Loan Modification companies.

28 <sup>1</sup> A few well known multi-level marketing companies are Amway and Herbal Life.

1           8.     None of these promised initiatives were implemented. Moreover, when  
2 PLAINTIFF was induced to invest, she was told that the cost to become a distributor  
3 was \$500. Shortly after she invested, DEFENDANTS increased the enrollment fee to  
4 become a distributor to \$1500 and added other software components making it more  
5 costly to become a distributor. This had the effect of making it more difficult for  
6 PLAINTIFF to earn returns because her returns were to come from the recruitment fees  
7 paid by other enrolling distributors.

8           9.     PLAINTIFF was promised that if she invested, she would receive a much  
9 greater return than the amount she invested. Indeed, in the first year alone,  
10 DEFENDANTS represented that PLAINTIFF would receive a minimum of \$166,700  
11 on an investment of \$100,000. In reliance upon DEFENDANTS' statements,  
12 PLAINTIFF was induced to pay DEFENDANTS \$100,000.

13          10.    However, the statements made by DEFENDANTS were false.  
14 PLAINTIFF received a total amount of \$483.33 after her first year of investing. This  
15 means that PLAINTIFF received less than 1% of her initial investment. Moreover,  
16 DEFENDANT made no efforts even to try to launch it's promised initiatives.

17          11.    DEFENDANTS also failed to register a statement with the Securities  
18 Exchange Commission for the investment program even though the investment  
19 program constituted a security within the meaning of 1933 Securities Act and the 1934  
20 Securities Exchange Act

21          12.    DEFENDANTS also failed to qualify with the California Department of  
22 Corporation the investment program even though the investment program constituted a  
23 security within the meaning of the California Corporations Code.

24          13.    In connection with the offer and sale of unregistered securities,  
25 DEFENDANTS made materially false or misleading statements regarding the return  
26 investment funds.  
27  
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## JURISDICTION AND VENUE

14. This action is a civil action of which this Court has original jurisdiction under 28 U.S.C. § 1331, and is one in which may be removed to this Court pursuant to 28 U.S.C. § 1441 in that it involves the following federal questions:

a. Whether DEFENDANTS violated the Securities Act of 1933 (Sections 5, 12, and 17) and the Securities Exchange Act of 1934 (Section 10(b), and 15(a)).

15. This action is also a civil action of which this Court has original jurisdiction under 28 U.S.C. § 1332 in that there is complete diversity between the PLAINTIFF and all DEFENDANTS, and the amount in controversy exceeds \$75,000.

16. This Court has pendent, supplemental and ancillary jurisdiction over the following state court claims for relief pursuant to 25 U.S.C. § 1367 in that such claims are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy:

a. Whether DEFENDANTS violated the California Corporate Code (section 25500 et. seq.);

b. Whether DEFENDANTS committed fraud through affirmative misrepresentation or by concealment;

c. Whether DEFENDANTS committed negligence;

d. Whether DEFENDANTS violated the Unfair Competition Under Business and Profession Code (section 17200).

e. Whether DEFENDANTS violated the California Seller Assisted Marketing Plans Act (SAMP Act) (Cal. Civil Code 1800.200 et. seq.)

17. Pursuant to 28 U.S.C. §1391, venue is proper in the Southern district of California because at least one of the DEFENDANTS resides in San Diego, California and a substantial part of the events or omissions giving rise to the claims occurred in San Diego, California.

**PARTIES**

18. PLAINTIFF, Guenevere Thomas, is an individual residing in Boise, Idaho.

19. DEFENDANT, Personal Wealth System, LLC ("PWS"), is a California limited liability company with its principal place of business in San Diego, California.

20. DEFENDANT, Mortgage Secret, LLC ("Mortgage Secret"), is a California limited liability company with its principle place of business in Modesto, California.

Mortgage Secret is the predecessor to PWS.

21. DEFENDANT, Chris Snook, is an individual residing in San Diego, California. Chris Snook is an executive officer of DEFENDANTS PWS and Mortgage Secret, LLC.

22. DEFENDANT, Mark Wilson, is an individual residing in Modesto, California. Mark Wilson is an executive officer of DEFENDANTS PWS and Mortgage Secret, LLC.

23. DEFENDANT, Jason Highfill, is an individual residing in Modesto, California. Jason Highfill is an executive officer of DEFENDANTS PWS and Mortgage Secret, LLC.

**FACT COMMON TO ALL CLAIMS FOR RELIEF**

**A. FAILURE TO REGISTER**

24. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 20.

25. On or about April 2, 2009, PWS solicited \$100,000 from PLAINTIFF in the form of an investment program. The investment program is known as the "Super-Affiliate" distributor position with PWS. Such program constitutes a security under both the Federal and California state securities laws as it constitutes an investment of money into a common scheme with the expectations of profits from the efforts of others.

1           26.           PWS' investment program promises the investor significant returns  
2 including a return of no less than \$166,700 within the first year.

3           27.           PWS offered or sold its investment programs through the use of  
4 telephone, mail and other means of interstate commerce. The investment program was  
5 offered and sold in California.

6           28.           Although PWS offered and sold this security, PWS failed to register  
7 a statement with the Securities Exchange Commission for it. Moreover, PWS failed to  
8 qualify the offer or sale of the security with the California Department of Corporations.

9           29.           PWS was required to comply with federal securities statutes, rules  
10 and regulations to sell and/or offer to sell securities. These statutes, rules, and  
11 regulations require that PWS to register its investment programs with the Securities  
12 Exchange Commission prior to offering and selling it.

13           30.           PWS was required to comply with the California state ("Blue Sky")  
14 securities statutes, rules and regulations to sell and/or offer to sell securities. These  
15 statutes, rules, and regulations require that PWS to qualify with the California  
16 Department of Corporations its investment program prior to offering or selling it.

17           31.           PLAINTIFF is not an "accredited investor" within the meaning of  
18 the federal or state securities laws. PWS lacked a valid exemption from registration or  
19 qualification in offering and selling its investment program.

## 20           **B. FRAUDULENT MISREPRESENTATIONS AND CONCEALMENTS**

21           32.           On or about April 2, 2009, in order to induce PLAINTIFF to invest  
22 \$100,000 into the PWS investment program, DEFENDANT, Chris Snook, made the  
23 following representations to the PLAINTIFF.

24           A. That if PLAINTIFF invested in the investment program she would be  
25 guaranteed a return of no less than \$166,700 the first year.

26           B. That if PLAINTIFF invested in the investment program she would receive  
27 huge returns each year.  
28



1 C. That PWS was well capitalized and would be putting together and airing  
2 television infomercials, conventions, and seminars to promote membership in  
3 PWS and that such actions would bring in hundreds of thousands of new  
4 members.

5 D. That the cost to enroll for distributors into PWS was \$500 which was a cost  
6 that was low enough to encourage the enrollment of hundreds of thousands of  
7 distributors.

8 E. That PLAINTIFF could not lose in the investment.

9 33. Contrary to the representations made by Snook, the truth was as follows:

10 A. There is no way that PLAINTIFF could receive a return of \$166,700 the first  
11 year.

12 B. There was almost no likelihood that any return would be received.

13 C. PWS was not well capitalized and never intended to put together or air  
14 television infomercials, conventions, or seminars to promote the membership  
15 of PWS.

16 D. That PWS planned to increase the enrollment fee from \$500 to \$1500.

17 34. In addition, DEFENDANTS concealed from the PLAINTIFF the  
18 following material facts, which if she knew, she would not have invested into the  
19 investment program:

20 A. That DEFENDANTS were operating an illegal pyramid scheme in that the  
21 returns to be paid to PLAINTIFF were recruiting fees.

22 B. That DEFENDANTS knew that they did not have the necessary capital to  
23 implement the promotional programs that they promised they would do.

24 C. That DEFENDANTS knew it would be virtually impossible for PLAINTIFF  
25 to obtain the returns that they had promised.

26 D. That DEFENDANTS had not registered the investment program with the  
27 United States Securities Commission, the California Department of  
28



Corporations, nor had they registered the program under the California SAMP act.

E. That DEFENDANTS planned to increase the enrollment fee from \$500 to \$1500.

### **FIRST CLAIM FOR RELIEF**

#### **Violation of Section 5 of the Securities and Exchange Act (Against PWS AND MORTGAGE SECRET)**

35. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 33.

36. By engaging in the conduct described above, DEFENDANTS, PWS and MORTGAGE SECRET, directly or indirectly, singly and in concert:

- i. Made use of the means instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;
- ii. Carried securities or cause such securities to be carried through the mails or the interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale; and/or
- iii. Made use of the means or instruments of transportation or communication interstate commerce or of the mails offer to sell or offer to buy securities, through the use or medium of any prospectus or other wise.

37. No registration statement was filed or was in effect with the Securities Exchange Commission pursuant to the Securities Act, and no exemption from registration exists with respect to the offering and sale of securities to PLAINTIFF described herein.

38. By reason of the foregoing, these DEFENDANTS violated Section 5 of the Exchange Act [15 U.S.C. Sections 77e].

**SECOND CLAIM FOR RELIEF**

**Violation of Section 12 of the 1933 Securities Act  
(Against All Defendants)**

39. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 37.

40. The DEFENDANTS sold the securities describe herein in violation of Section 5 of the Securities act and are therefore jointly and severally liable under Section 12 of the Securities Act.

41. The DEFENDANTS also offered and sold securities using interstate commerce or the mails, by the means of oral communication which included untrue statements of material facts or omitted to state a material fact necessary in order to make the statements in light of the circumstances under which they were made, not misleading and are therefore liable under Section 12 of the Securities Act.

**THIRD CLAIM FOR RELIEF**

**Violation of Section 15 of the 1933 Securities Act  
(Against Defendants Snook, Wilson, and Highfill)**

42. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 40.

43. DEFENDANTS Chris Snook, Jason Highfill, and Mark Wilson are control persons within the meaning of Section 15 of the Securities Act and are therefore jointly and severally liable for the violations by PWS and Mortgage Secrets of Sections 5 and 12 of the Securities Act.

**FOURTH CLAIM FOR RELIEF**

**Violation of Section 17 of the 1933 Act  
(Against all Defendants)**

44. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 40.



1 E. DEFENDANTS performed these actions willfully, intentionally, maliciously,  
 2 oppressively and in fraudulent breach of their duties, warranting the imposition of  
 3 exemplary damages.

4 F. By reason of the foregoing, DEFENDANTS each violated Section 10(b) of  
 5 the 1934 Exchange Act [15 U.S.C. Section 78j(b)] and Act rule 10b-5 the hereunder, 17  
 6 C.F.R. Section 240.10b-5.

7 **SIXTH CLAIM FOR RELIEF**  
 8 **Violation of Ca. Corp. Code 25501**  
 9 **(Against all Defendants)**

10 51. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
 11 through 48.

12 52. The actions of the DEFENDANTS as described herein violated California  
 13 Corporations Code §25501 in that the offer and sell of the investment program was  
 14 accomplished by means of written or oral communications which included untrue  
 15 statements of a material fact or omitted to state a material fact necessary in order to  
 16 make the statements made, in light of the circumstances under which they were made,  
 17 not misleading.

18 53. Pursuant to California Corporations Code §25501, PLAINTIFF is entitled  
 19 to rescind her investment and recover the consideration paid plus interest at the legal  
 20 rate or damages.

21 **SEVENTH CLAIM FOR RELIEF**  
 22 **Violation of Ca. Corp. Code 25403**  
 23 **(Against Defendants Snook, Wilson, and Highfill)**

24 54. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
 25 through 51.

26 55. DEFENDANTS Snook, Wilson, and Highfill are jointly and severely  
 27 liable for PWS's violation of the California Corporations Code as they either are  
 28 control persons of PWS and knowingly induced the violation described in the

1 Complaint, or they provided substantial assistance in the violations of the California  
2 Corporations Code as described in this Complaint.

3  
4 **EIGHTH CLAIM FOR RELIEF**  
5 **Violation of Ca. Corp. Code 25503**  
6 **(Against PWS and Mortgage Secret)**

7 56. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
8 through 54.

9 57. DEFENDANTS PWS and Mortgage Secret violated California  
10 Corporations Code §25110, in that they failed to qualify the securities they offered and  
11 sold with the California Department of Corporations and that the offer and sale of the  
12 securities were not exempt from qualification.

13 **NINTH CLAIM FOR RELIEF**  
14 **Violation of Ca. Corp. Code 25504**  
15 **(Against Defendants Snook, Wilson and Highfill)**

16 58. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
17 through 56.

18 59. DEFENDANTS Snook, Wilson and Highfill are control persons, partners  
19 or principal officers of DEFENDANTS PWS or Mortgage Secret and are therefore  
20 jointly and severally liable for the violations of the California Corporations Code as  
21 described in this Complaint.

22 **TENTH CLAIM FOR RELIEF**  
23 **Violation of Ca. Corp. Code 25504.1**  
24 **(Against all Defendants Snook, Wilson and Highfill)**

25 60. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
26 through 58.

27 61. DEFENDANTS Snook, Wilson, and Highfill materially assisted in the  
28 violations of the California Corporations Code as described in this Complaint and are  
therefore jointly and severally liable for such violations.

**ELEVENTH CLAIM FOR RELIEF**

**Fraud by Misrepresentation**

**(Against all Defendants PWS, Mortgage Secret, and Snook)**

62. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 58.

63. On or about April 2, 2009, in order to induce PLAINTIFF to invest \$100,000 into the PWS investment program, DEFENDANT, Chris Snook, made the following representations to the PLAINTIFF.

F. That if PLAINTIFF invested in the investment program she would be guaranteed a return of no less than \$166,700 the first year.

G. That if PLAINTIFF invested in the investment program she would receive huge returns each year.

H. That PWS was well capitalized and would be putting together and airing television infomercials, conventions, and seminars to promote membership in PWS and that such actions would bring in hundreds of thousands of new members.

I. That the cost to enroll for distributors into PWS was \$500 which was a cost that was low enough to encourage the enrollment of hundreds of thousands of distributors.

J. That PLAINTIFF could not lose in the investment.

64. Contrary to the representations made by Snook, the truth was as follows:

G. There is no way that PLAINTIFF could receive a return of \$166,700 the first year.

H. There was almost no likelihood that any return would be received.

I. PWS was not well capitalized and never intended to put together or air television infomercials, conventions, or seminars to promote the membership of PWS.

J. That PWS planned to increase the enrollment fee from \$500 to \$1500.

65. In justifiable and reasonable reliance on the foregoing misrepresentations, PLAINTIFF, invested into the investment program \$100,000. Had the PLAINTIFF known the truth she would not have invested.

66. To date, the PLAINTIFF has only received \$483.33.

67. At the time Snook made the representations he knew them to be false and intended that PLAINTIFF rely on them in parting with her \$100,000.

68. As a result of the fraudulent conduct of Snook, PWS, and Mortgage Secret, PLAINTIFF has been damaged in an amount to be proved at trial.

69. The conduct of Snook, PWS and Mortgage Secret was despicable, and made with malice and a conscious disregard of the rights and interest of others. Thus, the PLAINTIFF in addition to any other damages, is entitled to an award of exemplary and punitive damages.

### **TWELFTH CLAIM FOR RELIEF**

#### **Fraud by Concealment**

#### **(Against Defendants PWS, Mortgage Secret, and Snook)**

70. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 68.

71. At the time Snook made the representations to the PLAINTIFF to induce her to invest, he concealed from the PLAINTIFF the following material facts, which if she knew, she would not have invested into the investment program:

F. That DEFENDANTS were operating an illegal pyramid scheme in that the returns to be paid to PLAINTIFF were recruiting fees.

G. That DEFENDANTS knew that they did not have the necessary capital to implement the promotional programs that they promised they would do.

H. That DEFENDANTS knew it would be virtually impossible for PLAINTIFF to obtain the returns that they had promised.

I. That DEFENDANTS had not registered the investment program with the United States Securities Commission, the California Department of



Corporations, nor had they registered the program under the California SAMP act.

J. That DEFENDANTS planned to increase the enrollment fee from \$500 to \$1500.

72. In justifiable reliance on such fraudulent concealment, PLAINTIFF invested \$100,000 into the investment program and as a result has been damaged in an amount to be proved at trial.

73. The conduct of Snook, PWS and Mortgage Secret was despicable, and made with malice and a conscious disregard of the rights and interest of others. Thus, the PLAINTIFF in addition to any other damages, is entitled to an award of exemplary and punitive damages.

### **THIRTEENTH CLAIM FOR RELIEF**

#### **Negligence**

#### **(Against Defendants PWS, Mortgage Secret, and Snook)**

74. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1 through 58.

75. On or about April 2, 2009, in order to induce PLAINTIFF to invest \$100,000 into the PWS investment program, DEFENDANT, Chris Snook, made the following representations to the PLAINTIFF.

K. That if PLAINTIFF invested in the investment program she would be guaranteed a return of no less than \$166,700 the first year.

L. That if PLAINTIFF invested in the investment program she would receive huge returns each year.

M. That PWS was well capitalized and would be putting together and airing television infomercials, conventions, and seminars to promote membership in PWS and that such actions would bring in hundreds of thousands of new members.

1 N. That the cost to enroll for distributors into PWS was \$500 which was a cost  
2 that was low enough to encourage the enrollment of hundreds of thousands of  
3 distributors.

4 O. That PLAINTIFF could not lose in the investment.

5 76. Contrary to the representations made by Snook, the truth was as follows:

6 K. There is no way that PLAINTIFF could receive a return of \$166,700 the first  
7 year.

8 L. There was almost no likelihood that any return would be received.

9 M. PWS was not well capitalized and never intended to put together or air  
10 television infomercials, conventions, or seminars to promote the membership  
11 of PWS.

12 N. That PWS planned to the increase the enrollment fee from \$500 to \$1500.

13 77. In justifiable and reasonable reliance on the foregoing misrepresentations,  
14 PLAINTIFF, invested into the investment program \$100,000. Had the PLAINTIFF  
15 known the truth she would not have invested.

16 78. To date, the PLAINTIFF has only received \$483.33.

17 79. At the time Snook made the representations he had no reasonable basis to  
18 believe that the representations he made were true and intended that PLAINTIFF rely  
19 on them in parting with her \$100,000.

20 80. As a result of the fraudulent conduct of Snook, PWS's, and Mortgage  
21 Secret, PLAINTIFF has been damaged in an amount to be proved at trial.

22 **FOURTEENTH CLAIM FOR RELIEF**  
23 **Unfair Business Practices**  
24 **(Against all Defendants)**

25 81. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
26 through 79.  
27  
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1        82. The conduct of the DEFENDANTS as described herein constitutes an  
 2 unfair business practice within the meaning of California Business and Professions  
 3 Code §17200.

4        83. The PLAINTIFF is entitled to rescind her investment and to be restored  
 5 any and all monies invested into the investment program plus interest thereon.

6        84. The DEFENDANTS should be enjoined from engaging in such harmful  
 7 conduct in the future.

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 9                    **FIFTEENTH CLAIM FOR RELIEF**  
 10                    **Violation of the Ca. SAMP Act**  
 11                    **(Against all Defendants)**

12        85. PLAINTIFF hereby incorporates by reference and re-alleges paragraph 1  
 13 through 83.

14        86. The conduct of the DEFENDANTS as described in this Complaint violates  
 15 the California Seller Assisted Marketing Plan act (Cal. Civil Code §1812.200 et. seq.)

16        87. Pursuant to Cal. Civil Code §1812.218, PLAINTIFF is entitled to recover  
 17 from DEFENDANTS the actual damages suffered by the violations (to be proven at  
 18 trial) plus the reasonable attorney's fees and costs incurred by the PLAINTIFF.

19                    **PRAYER FOR RELIEF**

20        WHEREFORE, PLAINTIFF respectfully requests that this Court enter judgment:

21        A. Rescinding PLAINTIFF'S investment together with interest thereon;

22        B. Awarding PLAINTIFF compensatory damages according to proof at trial;

23        C. Awarding PLAINTIFF exemplary and punitive damages;

- 1 D. Awarding PLAINTIFF costs and expenses of this litigation, including  
2 reasonable attorney's fees, accountants' fees, and experts' fees and other costs  
3 and disbursement; and  
4  
5 E. Awarding PLAINTIFF such equitable/injunctive or other and further relief as  
6 may be just and proper under the circumstances.  
7

8 DATED: October 5, 2010

WELLMAN & WARREN, LLP

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12 Scott Wellman  
Counsel for Plaintiff  
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JS 44 (Rev. 12/07)

## CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

## I. (a) PLAINTIFFS

Guenevere Thomas

(b) County of Residence of First Listed Plaintiff

(EXCEPT IN U.S. PLAINTIFF CASES)

Ada County  
(Boise, ID)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Wellman &amp; Warren, LLP, 24411 Ridge Route, Ste. 200, Laguna Hills, CA 92653

## DEFENDANTS

Chris Snook, Jason High, Mark Wilson, Personal Wealth System, LLC and Mortgage Secret, LLC

County of Residence of First Listed Defendant

San Diego

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

10 CV 2069 H

RBB

## II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

## III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- |   | PTF                        | DEF                        |   | PTF                        | DEF                        |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State                   | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation  | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

## IV. NATURE OF SUIT (Place an "X" in One Box Only)

- |   |  |   |  |  |  |
|---|--|---|--|--|--|
| <input type="checkbox"/> 110 Insurance  | <input type="checkbox"/> 310 Airplane                          | <input type="checkbox"/> 362 Personal Injury - Med. Malpractice         | <input type="checkbox"/> 610 Agriculture                                 | <input type="checkbox"/> 422 Appeal 28 USC 158                   | <input type="checkbox"/> 400 State Reapportionment                                     |
| <input type="checkbox"/> 120 Marine   | <input type="checkbox"/> 315 Airplane Product Liability        | <input type="checkbox"/> 365 Personal Injury - Product Liability        | <input type="checkbox"/> 620 Other Food & Drug                           | <input type="checkbox"/> 423 Withdrawal 28 USC 157               | <input type="checkbox"/> 410 Antitrust   |
| <input type="checkbox"/> 130 Miller Act   | <input type="checkbox"/> 320 Assault, Libel & Slander          | <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability | <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 | <input type="checkbox"/> 820 Copyrights                          | <input type="checkbox"/> 430 Banks and Banking   |
| <input type="checkbox"/> 140 Negotiable Instrument                                | <input type="checkbox"/> 330 Federal Employers' Liability      | <input type="checkbox"/> 370 Other Fraud                                | <input type="checkbox"/> 630 Liquor Laws                                 | <input type="checkbox"/> 830 Patent                              | <input type="checkbox"/> 450 Commerce  |
| <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment    | <input type="checkbox"/> 340 Marine                            | <input type="checkbox"/> 371 Truth in Lending                           | <input type="checkbox"/> 640 R.R. & Truck                                | <input type="checkbox"/> 840 Trademark                           | <input type="checkbox"/> 460 Deportation   |
| <input type="checkbox"/> 151 Medicare Act   | <input type="checkbox"/> 345 Marine Product Liability          | <input type="checkbox"/> 380 Other Personal Property Damage             | <input type="checkbox"/> 650 Airline Regs.                               |  | <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations            |
| <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) | <input type="checkbox"/> 350 Motor Vehicle                     | <input type="checkbox"/> 385 Property Damage Product Liability          | <input type="checkbox"/> 660 Occupational Safety/Health                  |  | <input type="checkbox"/> 480 Consumer Credit   |
| <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits        | <input type="checkbox"/> 355 Motor Vehicle Product Liability   |   | <input type="checkbox"/> 690 Other                                       |  | <input type="checkbox"/> 490 Cable/Sat TV  |
| <input type="checkbox"/> 160 Stockholders' Suits                                  | <input type="checkbox"/> 360 Other Personal Injury             |   |  |  | <input type="checkbox"/> 810 Selective Service   |
| <input type="checkbox"/> 190 Other Contract                                       |  |   | <input type="checkbox"/> 710 Fair Labor Standards Act                    | <input type="checkbox"/> 861 HIA (1395ff)                        | <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange                |
| <input type="checkbox"/> 195 Contract Product Liability                           |  |   | <input type="checkbox"/> 720 Labor/Mgmt. Relations                       | <input type="checkbox"/> 862 Black Lung (923)                    | <input type="checkbox"/> 875 Customer Challenge 12 USC 3410                            |
| <input type="checkbox"/> 196 Franchise  |  |   | <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act      | <input type="checkbox"/> 863 DIWC/DIWW (405(g))                  | <input type="checkbox"/> 890 Other Statutory Actions                                   |
|   |  |   | <input type="checkbox"/> 740 Railway Labor Act                           | <input type="checkbox"/> 864 SSID Title XVI                      | <input type="checkbox"/> 891 Agricultural Acts   |
| <input type="checkbox"/> 210 Land Condemnation                                    | <input type="checkbox"/> 441 Voting                            | <input type="checkbox"/> 510 Motions to Vacate Sentence                 | <input type="checkbox"/> 790 Other Labor Litigation                      | <input type="checkbox"/> 865 RSI (405(g))                        | <input type="checkbox"/> 892 Economic Stabilization Act                                |
| <input type="checkbox"/> 220 Foreclosure  | <input type="checkbox"/> 442 Employment                        | <input type="checkbox"/> 530 General                                    | <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act                | <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) | <input type="checkbox"/> 893 Environmental Matters                                     |
| <input type="checkbox"/> 230 Rent Lease & Ejectment                               | <input type="checkbox"/> 443 Housing/Accommodations            | <input type="checkbox"/> 535 Death Penalty                              |  | <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609         | <input type="checkbox"/> 894 Energy Allocation Act                                     |
| <input type="checkbox"/> 240 Torts to Land  | <input type="checkbox"/> 444 Welfare                           | <input type="checkbox"/> 540 Mandamus & Other                           | <input type="checkbox"/> 462 Naturalization Application                  |  | <input type="checkbox"/> 895 Freedom of Information Act                                |
| <input type="checkbox"/> 245 Tort Product Liability                               | <input type="checkbox"/> 445 Amer. w/Disabilities - Employment | <input type="checkbox"/> 550 Civil Rights                               | <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee              |  | <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice |
| <input type="checkbox"/> 290 All Other Real Property                              | <input type="checkbox"/> 446 Amer. w/Disabilities - Other      | <input type="checkbox"/> 555 Prison Condition                           | <input type="checkbox"/> 465 Other Immigration Actions                   |  | <input type="checkbox"/> 950 Constitutionality of State Statutes                       |
|   | <input type="checkbox"/> 440 Other Civil Rights                |   |  |  |  |

## V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from another district (specify)
- ☐ 6 Multidistrict Litigation
- ☐ 7 Appeal to District Judge from Magistrate Judgment

## VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

US Federal Securities Statutes Sections 5, 12, 15, 17, 10(b)

Brief description of cause:

Defendants have violated various Federal Securities laws and also the California Corporate Code

## VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$100,000

Plus other damages

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

## VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

10/04/2010

SIGNATURE OF ATTORNEY OF RECORD

## FOR OFFICE USE ONLY

RECEIPT #

18757

AMOUNT

350.

APPLYING IFP

JUDGE

MAG. JUDGE

10/5/10

Court Name: USDC California Southern  
Division: 3  
Receipt Number: CAS018757  
Cashier ID: sramirez  
Transaction Date: 10/05/2010  
Payer Name: WELLMAN AND WARREN LLP

-----  
CIVIL FILING FEE  
For: THOMAS V SNOOK  
Case/Party: D-CAS-3-10-CV-002069-001  
Amount: \$350.00  
-----

CHECK  
Check/Money Order Num: 43091  
Amt Tendered: \$350.00  
-----

Total Due: \$350.00  
Total Tendered: \$350.00  
Change Amt: \$0.00

There will be a fee of \$45.00  
charged for any returned check.